

## Liquidator's Progress Report

# S.192

Pursuant to Sections 92A and 104A and 192  
of the Insolvency Act 1986

To the Registrar of Companies

Company Number

03653070

Name of Company

Madhouse Associates Limited

I / We

Steven Muncaster, The Chancery, 58 Spring Gardens, Manchester, M2 1EW

Sarah Helen Bell, The Chancery, 58 Spring Gardens, Manchester, M2 1EW

the liquidator(s) of the company attach a copy of my/our Progress Report  
under section 192 of the Insolvency Act 1986

The Progress Report covers the period from 27/03/2015 to 26/03/2016

Signed



Date

21 April 2016

Duff & Phelps Ltd  
The Chancery  
58 Spring Gardens  
Manchester, M2 1EW

Ref 56297/SBM/SB/MYL/HR/ER

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COMPANIES HOUSE

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# **Progress Report to Creditors**

## **Madhouse Associates Limited**

### **(In Creditors' Voluntary Liquidation)**

21 April 2016

Joint Liquidators' Progress Report to Creditors  
for the period from 27 March 2015 to 26 March 2016  
pursuant Section 104A of the Insolvency Act 1986 (as amended)  
and Rule 4.49C of the Insolvency Rules 1986 (as amended)

**Duff & Phelps Ltd.  
The Chancery  
58 Spring Gardens  
Manchester  
M2 1EW**

## Definitions

Word or Phrase	Definition
the Act	The Insolvency Act 1986 (as amended)
the Agents	Winterhill Group, independent agents instructed to value and sell the assets of the Company
the Appointment Date	27 March 2015, being the date of appointment of the Joint Liquidators
the Bank or Barclays	Barclays Bank Plc, with whom the Company banked and the holder of a fixed and floating charge over the Company's assets
Category 2 Disbursements	The Joint Liquidators' internal costs and expenses in dealing with the Liquidation
the Company	Madhouse Associates Limited (In Creditors' Voluntary Liquidation) (Company Number 03653070)
DBIS	The Department for Business Innovation and Skills
the Director	Phil Rogerson, the sole Director of the Company
Duff & Phelps	Duff & Phelps Ltd
First Report to Creditors	The Joint Liquidators' First Report to Creditors dated 27 March 2015
HMRC	HM Revenue and Customs
HSBC	HSBC Bank Plc, the holder of a fixed and floating charge over the Company's assets
the Joint Liquidators	Steven Muncaster and Sarah Bell of Duff & Phelps Ltd , The Chancery, 58 Spring Gardens, Manchester, M2 1EW
Prescribed Part	Pursuant to Section 176A of the Act where a floating charge is created after 15 September 2003 a designated amount of the Company's net property (floating charge assets less costs of realisation) shall be made available to non-preferential creditors
the Reporting Period	the period from 27 March 2015 to 26 March 2016
RPS	Redundancy Payments Service
the Rules	The Insolvency Rules 1986 (as amended)
SIP 9	Statement of Insolvency Practice 9 – Industry best practice for Insolvency Practitioners in relation to disclosure of remuneration and disbursements
SIP 13	Statement of Insolvency Practice 13 - industry best practice for Insolvency Practitioners regarding the acquisition of assets of insolvent companies by directors

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SOA

Statement of Affairs, documentation supplied by the Director outlining  
the Company's financial position as at the Appointment Date

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## **Contents**

- 1 Introduction
- 2 Background
3. Joint Liquidators' Receipts and Payments Account
- 4 Progress of the Liquidation
5. Investigations
- 6 Dividend Prospects / Prescribed Part
- 7 Costs and Expenses
- 8 Further Information
- 9 Conclusion

## **Appendices**

- 1 Joint Liquidators' Receipts and Payments Account
- 2 Analysis of Time Charged and Expenses Incurred

**1. Introduction**

- 1 1 The Joint Liquidators were appointed on the Appointment Date following the meetings of members and creditors of the Company held on 27 March 2015
- 1 2 The purpose of this progress report is to detail the Joint Liquidators' acts and dealings together with the conduct of the Liquidation since those meetings

**2. Background**

- 2 1 Steven Muncaster and Sarah Bell were appointed Joint Liquidators of the Company on 27 March 2015 Duff & Phelps' address is The Chancery, 58 Spring Gardens, Manchester, M2 1EW
- 2 2 The Company's registered office is The Chancery, 58 Spring Gardens, Manchester, M2 1EW The Company's registration number is 03653070
- 2 3 The Company's former registered office was 4th Floor, 196 Deansgate, Manchester, M3 3WF This was also the former trading address
- 2 4 The Company's principal activity was as a marketing and communications agency
- 2 5 The main causes of failure were detailed in the First Report to Creditors which is available upon request

**3 Joint Liquidators' Receipts and Payments Account**

- 3 1 A detailed Receipts and Payments Account for the Reporting Period is shown in Appendix 1 As at the period end date there was a cash balance of £7,374

**4 Progress of the Liquidation**

- 4 1 The manner in which the affairs and business of the Company have been managed since the appointment of Joint Liquidators are set out below

**Cash at Bank**

- 4 2 Cash at bank totalling £61,413 was held in the Company's pre-appointment bank account with Barclays and was remitted to the Liquidation estate account during the Reporting Period
- 4 3 The SOA detailed this cash as being held with Barclays in three separate accounts - a Sterling Account, Dollar Account and Euro Account On receipt of these funds, the Joint Liquidators requested a breakdown of the different accounts from Barclays but they were unable to provide this

**Office Equipment, Fixtures & Fittings and Computer Equipment**

- 4 4 Prior to the appointment of the Joint Liquidators, the Agents were engaged to prepare a desktop valuation inventory of computer equipment of the Company
- 4 5 The Agents confirmed the eight computers had a total value of £2,900 plus VAT The Agents advised that they were valued at £325 plus VAT each, with one valued at £450 plus VAT and one valued at £500 plus VAT
- 4 6 Seven employees and the Director made offers to purchase their individual computers for a total of £3,090 plus VAT The Agents confirmed these offers were acceptable and the Director was in agreement with the sales These funds were held in the Agent's client account pending the

appointment of the Joint Liquidators and have now been received into the Liquidation estate account in full

- 4 7 In accordance with SIP13, a summary of the transaction with the Director has been provided below

<b>The Purchaser of Two Computers</b>	Philip Rogerson
<b>Value</b>	£825 plus VAT
<b>Date of Transaction</b>	26 March 2015
<b>Associated Parties</b>	The Company and the purchaser are connected by virtue of being a director and shareholder of the Company

- 4 8 On the Joint Liquidators appointment, the Agents carried out an inventory and valuation of the fixtures and fittings and the office equipment. Despite the office furniture being in a good condition, due to the location of the trading premises on a busy road with limited access, it would have been costly to remove and place in an auction.
- 4 9 Therefore, the Agents approached a number of parties who buy and remove furniture and an offer of £2,000 plus VAT was made. On the recommendation of the Agents and on the proviso this party leaves the trading premises in a tidy condition after removal at their own cost, this offer was accepted. The purchaser is a non-connected third party.

#### **Book Debts**

- 4 10 The book debt ledger at the cessation of trade totalled £60,165 as per the SOA.
- 4 11 The Joint Liquidators have realised £47,523 in respect of the book debts, however, it should be noted that the cash at bank figure on the Appointment Date was higher than expected so a number of these book debts had been paid pre-appointment into the Company's former bank account with Barclays.
- 4 12 A total of £2,424 was disputed and written off after investigation.
- 4 13 There will be no further realisations in respect of the book debts.

#### **Insurance Refund**

- 4 14 A refund in respect of pre-Liquidation insurance totalling £108 was received from the Company's pre-appointment insurance company.

#### **Sundry Refund**

- 4 15 A sundry refund totalling £65 was received from the Performing Rights Society.

#### **Gross Bank Interest**

- 4 16 Gross bank interest of £32 has been received to date.

## **Other Assets**

- 4 17 There are no other known assets to realise

## **5. Investigations**

- 5 1 The Joint Liquidators have complied with their statutory obligation to file a report with DBIS regarding the conduct of all directors of the Company that served in the three years prior to the Joint Liquidators' appointment. This report was submitted on 23 September 2015 and the content of this report is confidential
- 5 2 The Joint Liquidators have carried out a thorough review of the Company's books and records along with detailed analysis of bank accounts, statutory accounts and management accounts. Our investigations have indicated that there are no further investigations that would be of benefit to creditors
- 5 3 There are no outstanding lines of enquiry

## **6. Dividend Prospects / Prescribed Part**

### **Secured Creditors**

#### **Barclays**

- 6 1 The Company granted Barclays a debenture which confers fixed and floating charges over the undertaking of all property and assets, present and future, by way of a debenture created 5 April 2002. This is shown as outstanding on Companies House at the Appointment Date, however, Barclays has confirmed there was no outstanding indebtedness at the Appointment Date

#### **HSBC**

- 6 2 The Company granted HSBC a debenture which confers fixed and floating charges over the undertaking of all property and assets, present and future, by way of a debenture created on 28 March 2000
- 6 3 This was shown as outstanding on Companies House at the Appointment Date, however, there was no outstanding indebtedness to HSBC
- 6 4 Form MR04 for both of these charges has been submitted to Companies House and these charges have now been fully satisfied

### **Preferential Creditors**

- 6 5 Pursuant to the Director's SOA, there were no estimated preferential claims as all the employees were paid their arrears of wages and accrued holiday in full in their last salary payment
- 6 6 However, one of the employees had £243 deducted from their wages in respect of a childcare provider. This was subsequently not paid across to the provider and the employee had to make this payment again. The RPS did not deem this as a preferential creditor claim as they deemed it as a salary reduction not deduction
- 6 7 The Joint Liquidators therefore allowed this to be claimed by the employee as a preferential claim in the Liquidation. The notice of intended dividend was sent out on 7 October 2015 and a last date for proving of 2 November 2015 was set. The dividend of 100p in the pound was declared on 2 November 2015 and was paid shortly thereafter



### **Prescribed Part**

- 6 8 Pursuant to Section 176A of the Act where a floating charge is created after 15 September 2003 a Prescribed Part of the Company's net property shall be made available to non-preferential creditors
- 6 9 The Prescribed Part is not applicable in this instance as although the Company granted floating charges to both Barclays and HSBC, these charges were granted before 15 September 2003 and therefore the Prescribed Part provisions do not apply
- 6 10 In addition, as detailed at paragraphs 6 1 and 6 3 there is also no indebtedness to either Barclays or HSBC

### **Non-Preferential Creditors**

- 6 11 According to the Director's SOA, non-preferential creditors total £275,934. The non-preferential creditors can be summarised as follows:

	£
Trade & Expense Creditors	42,436
HMRC – Corporation Tax	27,360
HMRC – PAYE/NI	28,793
Accruals	70,221
Pay in Lieu of Notice/Redundancy Pay	107,124
	<u>275,934</u>

- 6 12 There were sufficient realisations to enable a dividend to be paid to the non-preferential creditors of the Company
- 6 13 The notice of intended dividend was sent out on 4 November 2015 and set a last date for proving of 3 December 2015. Creditors' claims received totalled £140,136 and a total of £137,764 of these claims were agreed.
- 6 14 The dividend of 44 50p in the pound totalling £61,300 was declared on 21 January 2016 and was paid shortly thereafter to all creditors whose claims were agreed.
- 6 15 There will be no further distributions to any class of creditors.

### **7. Costs and Expenses**

- 7 1 The basis of the Joint Liquidators' remuneration was fixed on the basis of time properly charged at the creditors meeting held on 27 March 2016. The drawing of Category 2 disbursements was also approved at the meeting.
- 7 2 The time costs charged in the Reporting Period are as analysed at Appendix 2. Time has been charged in six minute units.
- 7 3 In accordance with SIP 9, the Joint Liquidators have provided creditors with additional information regarding major areas of time recorded below:
- Time costs of £12,738 have been incurred under the heading Creditors. This relates to the time spent dealing with non-preferential creditor queries and correspondence and dealing with employee queries and liaising with the RPS. In addition, this relates to time spent adjudicating preferential and non-preferential claims and distribution of the relevant dividends.

- Time costs of £4,588 have been incurred under the heading Cashiering & Accounting This relates to the time spent dealing with the Liquidation bank account including bank reconciliations, payments, dividend payments and journals for receipt of funds
  - Time costs of £4,347 have been incurred under the heading Case Review & Case Diary Management This relates to the time spent progressing the Liquidation via internal case reviews, completing and updating strategy notes and completion and management of internal diary tasks
  - Time costs of £4,104 have been incurred under the heading Investigations This relates to the completion of statutory investigations into the conduct of the Director and former directors of the Company, liaising with the Director for further information and documentation and review and analysis of Company books and records, accounts and bank statements
  - Time costs of £3,419 have been incurred under the heading Book Debts This relates to time spent liaising with the Director, reviewing collections, obtaining information in order to assist the collections and chasing debtors for un-paid debts
  - Time costs of £2,343 have been incurred under the heading Statutory Matters (Meetings, Reports & Notices) This relates to the time spent drafting reports, preparing for and holding the creditors meeting, notices to creditors and dealing with filing requirements in the Liquidation
- 7 4 A total of £29,500 has been paid during the Reporting Period in respect of the Joint Liquidators' post appointment remuneration The statement of affairs fee of £7,500 plus VAT has also been drawn in the Reporting Period Details of payments are shown on the Receipts and Payments Account at Appendix 2
- 7 5 The Joint Liquidators' disbursements are also detailed at Appendix 2
- 7 6 The Joint Liquidators have incurred expenses in dealing with the Liquidation of the Company and these are detailed in Appendix 2
- 7 7 Information regarding the fees and disbursements of Liquidators, including details of the Duff & Phelps disbursements policy and hourly charge out rates for each grade of staff that may undertake work on this case, is in a document called "A Creditors' Guide to Liquidators' Fees". This can be viewed and downloaded from the Joint Liquidators' website at <http://www.duffandphelps.com/uk-restructuring/creditor-guides> Should you require a copy, please contact this office
- 7 8 Any secured creditor, or any non-preferential creditor (with the support of at least 10% in value of the non-preferential creditors or the permission of the Court), may apply to Court on the grounds that the remuneration or basis fixed for the Joint Liquidators' remuneration or the expenses incurred by the Joint Liquidators are considered to be excessive This application must be made no later than 8 weeks after receipt of the progress report, where the charging of the remuneration or the incurring of expenses in question occurs
- 8. Further Information**
- 8 1 In accordance with Rule 4 49E of the Rules, secured creditors and non-preferential creditors (with the concurrence of at least 5% in value of total non-preferential claims) may make a request in writing to the Joint Liquidators for further information about the remuneration or

expenses set out in this progress report. This should be done within 21 days of receipt of this report

**9. Conclusion**

9.1 Creditors will receive formal reports annually until the conclusion of the Liquidation. The Liquidation will be closed imminently and therefore, the next report to be issued to creditors will be the final progress report on the Liquidation.

9.2 In the meantime, if you require any further information please contact Elizabeth Rae of this office.



**Steven Muncaster**  
Joint Liquidator

**Appendix 1**

**Joint Liquidators' Receipts and Payments Account**

**Madhouse Associates Limited**  
**(In Liquidation)**  
**Joint Liquidators' Abstract of Receipts & Payments**  
**To 26/03/2016**

S of A £		£	£
	<b>ASSET REALISATIONS</b>		
Uncertain	Office Equipment	NIL	
Uncertain	Furniture & Fixtures	2,000.00	
2,900 00	Computer Equipment	3,090 00	
46,198.26	Cash at Bank (Sterling account)	61,412.64	
5,981 65	Cash at Bank (Dollar Account converted)	NIL	
30,083 00	Trade Debtors	47,522 89	
NIL	Prepayments	NIL	
	Bank Interest Gross	32 27	
82 85	Cash at Bank (Euro account converted)	NIL	
	Insurance Refund	107 85	
	Sundry Refund	64 69	
			114,230 34
	<b>COST OF REALISATIONS</b>		
	Bordereau	225 00	
	Statement of Affairs Fee	7,500.00	
	Joint Liquidators' remuneration	29,500 00	
	Accountants Fees	2,500 00	
	Agents/Valuers Fees	1,000 00	
	Agents/Valuers Disbursements	750 00	
	Land Registry fee	11 00	
	Storage Costs	98 72	
	Re-Direction of Mail	160 00	
	Statutory Advertising	338 40	
	Pensions Advice	450 00	
	Insurance of Assets	159 00	
	Bank Charges	13.79	
			(42,705 91)
	<b>PREFERENTIAL CREDITORS</b>		
	Employee Arrears/Hol Pay 100p in the £	243 44	
			(243.44)
	<b>UNSECURED CREDITORS</b>		
	Unsecured Dividend 44 50p in the £	61,300 00	
(51,976 91)	Employees - Redundancy Pay	NIL	
(27,360.00)	HM Revenue & Customs - Corporation	NIL	
5,994 00	HM Revenue & Customs - VAT Refund	NIL	
(28,793 24)	HM Revenue & Customs - PAYE/NI	NIL	
(55,146 92)	Employees - Pay in Lieu of Notice	NIL	
(70,221 00)	Accrued Invoices	NIL	
(42,436.15)	Trade & Expense Creditors	NIL	
			(61,300 00)
	<b>DISTRIBUTIONS</b>		
(99,604 00)	Share Premium	NIL	
(396 00)	Capital Redemption Reserve	NIL	
(924 00)	Ordinary Shareholders	NIL	
			NIL
<b>(285,618.46)</b>			<b>9,980.99</b>

**Madhouse Associates Limited**  
**(In Liquidation)**  
**Joint Liquidators' Abstract of Receipts & Payments**  
**To 26/03/2016**

<b>S of A £</b>	<b>£</b>	<b>£</b>
REPRESENTED BY		
VAT receivable		2,606 00
Floating/main current account		7,374 00
General VAT control account		0 76
		<b>9,980.76</b>

**Appendix 2**

**Analysis of Time Charged and Expenses Incurred**

## ANALYSIS OF LIQUIDATORS TIME COSTS FOR THE PERIOD 27/03/2015 to 26/03/2016

CVL-Creditors Vol Liquidation - Post Appt

Classification of Work Function	Hours					Total Hours	Time Cost	Avg Hourly Rate
	Partner	Manager	Senior	Assistant	Support			
<b>Administration and Planning</b>								
Case review and Case Diary management	1 30	1 00	10 05	2 10	0 00	14 45	4,347 25	300 85
Cashiering & accounting	0 00	0 30	9 30	7 60	0 00	17 20	4 587 50	266 72
Dealings with Directors and Management	0 00	0 00	1 20	0 60	0 00	1 80	428 50	238 06
IPS set up & maintenance	0 00	0 00	0 00	0 75	0 00	0 75	86 25	115 00
Insurance	0 00	0 00	0 50	0 00	0 00	0 50	142 50	285 00
Statutory matters (Meetings & Reports & Notices)	0 00	1 25	4 90	4 00	0 00	10 15	2,342 75	230 81
Strategy planning & control	0 00	0 00	1 75	0 00	0 00	1 75	498 75	285 00
Tax Compliance/Planning	0 00	0 00	1 20	0 00	0 00	1 20	342 00	285 00
<b>Creditors</b>								
Communications with Creditors/Employees	0 00	0 00	8 50	0 40	0 00	8 90	2 611 00	293 37
Non Pref Creditor claims adjudication and dist'n	0 00	0 00	13 55	0 00	0 00	13 55	4,539 25	335 00
Non Pref Creditors/Employee claims handling	0 00	0 00	11 70	1 30	0 00	13 00	3 709 00	285 31
Pref claims adjudication and distribution	0 00	4 50	0 00	0 50	0 00	5 00	1,565 00	313 00
Secured Creditors	0 00	0 00	1 10	0 00	0 00	1 10	313 50	285 00
<b>Investigations</b>								
CDDA & reports & Communication	0 50	1 50	9 35	1 25	0 00	12 60	4,103 50	325 67
<b>Realisation of Assets</b>								
Book debts	0 00	2 50	8 60	0 00	0 00	11 10	3,418 50	307 97
Freehold and Leasehold Property	0 00	0 00	4 45	0 00	0 00	4 45	1 343 25	301 85
Other Tangible Assets	0 00	0 00	1 00	0 00	0 00	1 00	285 00	285 00
Plant & Machinery & Fixtures & Motor Vehicles	0 00	0 00	1 15	0 00	0 00	1 15	327 75	285 00
Pre-Appointment Tax Reclaims	0 00	0 50	1 00	0 00	0 00	1 50	472 50	315 00
<b>Total Hours</b>	<b>1 80</b>	<b>11 55</b>	<b>89 30</b>	<b>18 50</b>	<b>0 00</b>	<b>121 15</b>		<b>292 73</b>
<b>Total Fees Claimed</b>	<b>954 00</b>	<b>4,167 75</b>	<b>27,562 00</b>	<b>2,780 00</b>	<b>0 00</b>		<b>35,463 75</b>	

Category 2 Disbursements None



**Madhouse Associates Limited (In Liquidation)**  
**Joint Liquidators' Expenses**

Company	Activity	Fee Basis	Current Period	
			Incurred (£)	Amount Paid (£)
AUA Insolvency Risk Services	Insurance of Chattel Assets	Fixed fee	159 00	159 00
20/20 Trustees	Pension Scheme Report	Fixed fee	450 00	450 00
Barclays Bank Plc	Bank charges	Fixed fee	13 79	13 79
Winterhill Group	Valuation and sale of Company chattel assets	Fixed fee	1,750 00	1,750 00
Langtons Professional Services Limited	Accountants assistance with the statement of affairs and Corporation Tax	Fixed fee	2,500 00	2,500 00
Land Registry	Land Registry	Fixed fee	11 00	11 00
Total Data Management	Storage costs of Company books and records	Fixed fee	98 72	98 72
<b>TOTAL</b>			<b><u>£4,982.51</u></b>	<b><u>£4,982.51</u></b>

The Joint Liquidators' choice of professional advisors was based on their perception of the experience and ability of the respective firms/individuals to perform their work, the complexity and nature of the assignment and the basis of their fee

**Madhouse Associates Limited (In Liquidation)**  
**Joint Liquidators' Disbursements**

	<b>Current Period</b>	
	<b>Incurred</b>	<b>Amount Paid</b>
	<b>(£)</b>	<b>(£)</b>
<b>Category 1</b>		
Courts Advertising - Statutory Advertising	338 40	338 40
Travel	6 07	0 00
Redirection of Mail	160 00	160.00
Bordereau	225 00	225 00
<b>TOTAL</b>	<b><u>£729.47</u></b>	<b><u>£723 40</u></b>

**Category 2 Disbursements**

No Category 2 Disbursements have been incurred

The above costs exclude VAT